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To Warsaw—For \$250,000

Jay," an engineer from California's Silicon Valley, skulked into Warsaw one spring day in 1980 to sell what "the minister," a high-ranking Polish intelligence officer, had requested of him. Jay's California friend, "Mr. Big," wasn't with him this time, but U.S. defense secrets were—a thick, soiled and out-of-sequence stack of them. Polish technicians stayed up all night putting the documents in order, and the next day 20 KGB experts arrived from Moscow to analyze the American's offering. What they found won the Poles an immediate commendation from then-KGB chief Yuri V. Andropov—and sent shivers through the U.S. defense community. For code names and plot aside, this was no spy novel. Last week the FBI hauled "Jay" into court, and charged that the heart of the U.S. missile defense system had been seriously compromised by his \$250,000 dealings with Eastern bloc intelligence.

Jay was, the FBI said, James Durward Harper Jr., 49, a balding, three-times-married Silicon Valley operator credited by some with developing the first digital stopwatch. His appearance on espionage charges in a San Francisco court marked the unsuccessful end to two years of anonymous dickering with federal authorities: Harper wanted to become a double agent in exchange for legal immunity. It also led to the revelation of the existence of a double agent—a U.S. mole

in Polish intelligence who had helped nab Harper and somewhat offset the damage caused by his activities.

"Oh my God, they know everything about it," Harper cried when shown the FBI affidavit on his activities. At the very least, they knew a great deal. The bureau's account details the engineer's odyssey from 1975, when fellow Californian William B. Hugle, whom Harper called "Mr. Big," introduced him to a pair of operatives with high-technology shopping lists in their briefcases—and then to a high-ranking Polish official named Zdzislaw Prychodzien, whom

Harper called "the minister."

While he apparently used other sources to get the information the Poles wanted, Harper used no one more than Ruby Louise Schuler Harper—an alcoholic who became his second wife in October 1980 and who died of cirrhosis in June, 1983. Her job as executive secretary to the president of Systems Control Inc., a research-and-development house in Palo Alto with a slew of sensitive defense contracts, provided access to the documents Warsaw sought. On nights and weekends, Harper copied her finds—page after page "real fast," he later told his lawyer. His ability to cover tracks was less awesome: the FBI, according to the affidavit, toted up 118 latent Harper fingerprints at the scene.

The beginning of the end for Harper came in the fall of 1982, a year after he introduced him-

self as "Jay" to a California lawyer and started negotiations to come in from the cold. A Justice Department official grew weary of Harper's refusal to identify himself and set the machinery in gear for the Feds to discover it themselves. Using information from delicate contacts with the Polish mole and leads from the immunity talks, by last March the FBI was convinced that the globe-trotting Harper (who held bank accounts in Switzerland and the Cayman Islands) was their man. They put him under surveillance, and the painful process of developing a court case began. Arrest came quickly when agents began to suspect Harper, with "150 to 200 pounds" of defense documents still allegedly stashed away, was on the verge of another delivery to the Poles.

Promises: By midweek, the focus of the investigation had shifted to the mysterious figure of "Mr. Big" Hugle, 58, a 1972 candidate for a Silicon Valley seat in the House and an electronics entrepreneur with past business dealings in Eastern Europe. Despite the evidence (some of it only hearsay) and promises from Harper to testify against Hugle in exchange for a lighter sentence, he remained free at the weekend. Sources close to the case said they are confident they will tie up loose ends and bring Hugle in.

But the unanswered question was how much real damage did the Harper affair do? Federal officials wouldn't be specific, but one California lawman said the secrets revolved around development of U.S. capability to knock out an incoming Soviet ICBM without setting off a nuclear blast. "This one really beat the hell out of us," he said. Speculation in Washington tended to back up that grim assessment, though there was an edgy uncertainty over precisely how the Russians might use the information. "We are," said one source there, "like the dealer in a poker game who does not know . . . when he has filled somebody's inside straight."

The ace in the hole in an otherwise bad U.S. hand appeared to be the still unnamed Warsaw mole, now being debriefed in an undisclosed stateside location. He is no small prize. Through him, the U.S. had penetrated one of Moscow's most valuable intelligence centers: the Poles' American spying presence ranks second only to the KGB and sometimes is more effective because of greater freedom to roam. With the mole's help, the FBI has been investigating Polish espionage activities in New York and Chicago as well as California. The FBI's disclosure of the mole's role in the Harper case last week broke sharply with usual practice. The White House and CIA approved the move, Washington sources said, hoping to send a message echoing up and down the critical Silicon Valley, where other Harpers may be listening: passing secrets to the Soviets may be dangerous to your freedom.

DANIEL PEDERSEN with RICHARD SANDZA in Silicon Valley and ELAINE SHANNON in Washington

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